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UNCLAS SECTION 01 OF 02 ALGIERS 001634

SIPDIS

SENSITIVE  
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DEPARTMENT FOR EEB/ESC/TFS, S/CT (NOVIS), INL  
PARIS FOR ICE ATTACHE (JOLLES)

E.O. 12958: N/A

TAGS: [EFIN](#) [ETTC](#) [KTFN](#) [KCRM](#) [PREL](#) [PTER](#) [AG](#)

SUBJECT: REDOUBLED EFFORTS TO COMBAT BULK CASH SMUGGLING AS  
INTERDICTIONS DROP

REF: STATE 152088

1. (SBU) SUMMARY: Algeria criminalized bulk cash smuggling in 1996 and maintains strict reporting requirements and a non-convertible currency that limit most Algerians' access to foreign exchange. The value and frequency of smuggled cash interdictions dropped from 2005 to 2006, although this may have less to do with the customs service's diligence than a drop in demand for black market foreign currency over the last two years. The government recently launched a three-year, USD 150 million action plan to provide additional training to customs agents and encourage international cooperation to combat cash smuggling. In this regard, post is organizing with the Department of Homeland Security's Immigration and Customs Enforcement (ICE) a four-day training seminar November 11-14 on bulk cash smuggling targeted at Algerian customs and police officials. END SUMMARY.

STRONG LEGAL FRAMEWORK...

2. (SBU) On July 9, 1996, Algeria adopted ordinance 96-22 regarding exchange regulations and currency movements abroad. The law criminalized cash smuggling as well as the failure to respect reporting requirements for the transfer of cash into or out of Algeria. The maximum value of cash that may be carried by an individual at any given time is the equivalent of 7,600 Euro (roughly USD 11,000). Higher sums may only be legally sent abroad by wire transfer. Given the non-convertibility of the Algerian dinar, even sums less than the 7,600 Euro threshold must be accompanied by a bank statement declaring that the holder acquired the foreign currency with the authorization of the central bank. Holders of foreign currency without such a declaration, such as individuals who traded dinars for foreign exchange on one of Algiers' many forex black markets, risk confiscation. In addition to foreign currency, the ordinance applies to other liquid financial instruments, precious metals, and gemstones. Penalties for non-compliance range from three to five years of imprisonment or a fine valued of up to twice the value of the seized property.

...YET OFFICIAL INTERDICTIONS DROPPING

13. (SBU) The Algerian customs service reported 373 cases of cash smuggling in 2006 with a total value of USD 5.6 million. These cases occurred in 11 of the country's 50 wilayas (regional departments). In 2005, customs reported 426 cases with a total value of USD 2.7 million. The total fines levied against smugglers were USD 41 million in 2006. (Note: It is not readily apparent why the frequency and value of interdictions dropped sharply from 2005 to 2006. The collapse of Algeria's parallel currency markets, for which the spread between the official and the black markets rates has dropped from 15 percent to roughly par in the last two years, is one possible explanation. Another explanation may be the drop in demand for foreign currency as Algeria slowly moves to replace cash transactions with automated tools such as the real-time gross settlements system introduced last year. End Note.)

CUSTOMS TO WELCOME ICE SEMINAR NEXT WEEK  
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14. (SBU) The Algerian government recently launched a USD 150 million action plan for 2007-2010 to provide additional training to customs agents and intensify international cooperation. Customs plans to increase the number of agents by 1,500 per year to reach 20,000 by 2010. The customs service is also working with French authorities on smuggling operations conducted in 2004 and 2005 valued at more than USD 500,000.

15. (SBU) In this vein, post is working with the Department of Homeland Security's Immigration and Customs Enforcement (ICE) on a four-day training seminar November 11-14 on bulk cash

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smuggling for Algerian officials. The government is providing the venue for the event and intends to send representatives from the customs service, the Directorate of National Security, and the Gendarmerie Nationale to the seminar conducted by ICE officials. We have collaborated with the Algerian financial intelligence unit, CTRF, to invite a member of the CTRF board seconded from the customs service to give opening remarks and describe Algeria's legal framework. We look forward to the ICE seminar and future dialogue with Algerian agencies on this key element of anti-money laundering and counter-terrorist financing enforcement.  
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